

**Testimony in Support of Bill 834 –
AAC MUNICIPAL OPEN SPACE PRIORITIES AND FUNDING FOR THE PURCHASE
OF SUCH PROPERTIES**

David Sutherland – Director of Government Relations

I am here today to express The Nature Conservancy's support for Bill 834 - AAC MUNICIPAL OPEN SPACE PRIORITIES AND FUNDING FOR THE PURCHASE OF SUCH PROPERTIES. This bill would enable municipalities to choose whether or not to impose an additional real estate conveyance tax of up to 1% on buyers on the portion of property sales over \$150,000. The towns could use the resulting funds for open space and farmland purchases, brownfields remediation, or other environmental projects.

It must be stressed that each municipality would have to choose if it imposes this tax and at what rate up to one percent. While they could only spend the revenues on the purposes listed in the legislation, each town could determine which of those purposes most suit its particular needs.

The exemption of portions of sales up to \$150,000 would ensure that lower-income purchasers of property would not be significantly affected, and that for all buyers, the tax would only be on a portion of their transaction. Most of the studies I have seen about the impacts of a transfer tax do not seem to account for the type of price exemption included in this legislation.

A 2010 study by Dachis, Duranton, and Turner from the University of Toronto which studies the effects of Toronto's transfer tax, notes that "there is surprisingly little systematic analysis of their [transfer taxes] effects". It refers to mixed conclusions from four other studies, but concludes itself that transfer taxes do decrease the number of transactions. However, the study notes that "We find the LTT [Land Transfer Tax] has a much larger effect on cheaper houses (-32%) than on more expensive houses (-9%, insignificant)." Toronto, however, does not give a complete exemption at any price, imposing a .5% additional tax on sales up to \$55,000, 1% up to \$400,000, and 2% on sales over \$400,000. These are in addition to the same rates imposed by the Province. With the complete exemption for sales under \$150,000, the tax authorized in Bill 834 would be expected to have a dramatically lower impact on less expensive home sales and a clearly lower impact on more expensive homes than those in the Toronto study.

Bill 834 would provide a means for communities to decide how they want to fund critical conservation and redevelopment initiatives. If they want to continue to fund them through their property tax, they can do so. If they wish, however, to fund them partially through another alternative means, this legislation would let them choose to do that. We urge you to support it.